

DECISION MEMORANDUM

**TO: COMMISSIONER KEMPTON
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
COMMISSION STAFF**

**FROM: KRISTINE SASSER
DEPUTY ATTORNEY GENERAL**

DATE: OCTOBER 22, 2010

**SUBJECT: IDAHO POWER'S MOTION TO APPROVE A GENERATOR
INTERCONNECTION AGREEMENT, CASE NO. IPC-E-09-25**

On September 10, 2009, Idaho Power filed an Application with the Commission requesting approval of a 20-year Firm Energy Sales Agreement between Idaho Power and Idaho Winds LLC dated September 1, 2009. The Application was processed by Modified Procedure. After reviewing and considering the Application and comments filed by Staff and other interested parties in the case, the Commission found it reasonable to accept termination of the Alkali Wind Project contract and approve the September 1, 2009, Firm Energy Sales Agreement between Idaho Power and Idaho Wind LLC for the Sawtooth Wind Project. Order No. 30964.

THE MOTION

On October 5, 2010, Idaho Power filed a Motion with the Commission for approval of a Generator Interconnection Agreement (Agreement) between Idaho Winds LLC and Idaho Power regarding the Sawtooth Wind Project (Project). The Company's Motion states that interconnection of the Project is provided at 138 kV at an estimated cost to the Project of approximately \$844,000. The addition of the Project to Idaho Power's system requires substantial network transmission system upgrades at an estimated cost of approximately \$2,176,000. The estimated milestone date for construction completion is July 22, 2011.

This Agreement is the second outside of the Twin Falls queue involving PURPA generating facilities subject to Idaho Power's Schedule 72 which require substantial upgrades to Idaho Power's transmission system. The Commission first authorized a sharing formula for transmission upgrade costs outside of the Twin Falls queue in Case Nos. IPC-E-06-34 and IPC-

E-06-35 – Hot Springs Windfarm and Bennett Creek Windfarm, respectively.¹ Idaho Power asserts that the Sawtooth Wind Project will be interconnected to the same transmission line as the Hot Springs and Bennett Creek projects and the network transmission upgrades required to interconnect will have a similar impact. Therefore, as a similarly situated project, Idaho Power and Idaho Winds LLC believe it is appropriate for this Agreement to include the cost sharing allocation developed and accepted in the Cassia case² and approved by the Commission in the Hot Springs and Bennett Creek interconnection agreement.

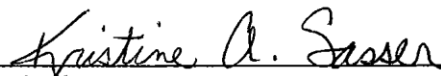
The Company requests that its Motion be processed by Modified Procedure.

STAFF RECOMMENDATION

Staff has reviewed the Motion and recommends that the case proceed by Modified Procedure.

COMMISSION DECISION

Does the Commission find that the public interest may not require a hearing to consider the issues presented, and that this proceeding may be processed under Modified Procedure?



Kristine A. Sasser
Deputy Attorney General

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¹ These windfarm projects shared the same developer, interconnection, and generator interconnection agreement.

² 25% of the costs of transmission upgrade will be provided by the project as a non-refundable contribution in aid of construction (CIAC); 25% of the costs will be funded by Idaho Power and included in Idaho Power's rate base; 50% of the costs will be funded by the project as an advance in aid of construction (AIAC) subject to refund. These costs will be rate based using standard regulatory accounting principles. Order No. 30414.